

Community Development Block Grants (Non-Entitlement) for States and Small Cities

Federal funding to help states and units of local government in non-entitled areas meet their housing and community development needs.

Nature of Program: Provides grants to carry out a wide range of community development activities directed toward neighborhood revitalization, economic development, and improved community facilities and services. All CDBG activities must meet one of the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet certain community development needs having a particular urgency. No less than 70 percent of the funds must be used for activities that benefit low- and moderate-income persons over a period specified by the state, not to exceed 3 years.

Some of the activities that can be carried out with community development funds include: the acquisition of real property; the rehabilitation of residential and nonresidential properties; the provision of public facilities and improvements, such as water and sewer, streets, and neighborhood centers; the clearance, demolition, and removal of buildings; homeownership assistance; and assistance to for-profit businesses for economic development activities.

Under the 1981 amendments to the Community Development Block Grant (CDBG) legislation, each state has the option to administer the block grant funds provided for its non-entitlement areas.

If this option is exercised, the block grant funds are provided to the state, which distributes them as grants to its eligible units of general local government. The states' objectives and methods of distributing the funds are determined in consultation with affected citizens and local elected officials. States are required to report annually on the use of funds.

Applicant Eligibility: Forty-nine states and Puerto Rico are entitled to receive grant funds for distribution to non-entitlement units of government (those that are not metropolitan cities or part of an urban county). Hawaii has elected not to administer funding under the state CDBG program. In Hawaii, HUD awards the funds directly to the three eligible non-entitled counties using statutorily determined formula factors.

Funding Distribution: From each year's CDBG appropriation, excluding the amounts provided for Section 107 grants or specified other grants, 30 percent is allocated to non-entitlement areas. This amount is then allocated among the states on a formula basis. Each state's allocation is distributed to units of general local government by either the state or, in Hawaii, by HUD.

Legal Authority: Title I, Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.). Regulations are at 24 CFR part 570.

Administering Office: Assistant Secretary for Community Planning and Development,

U.S. Department of Housing and Urban Development, Washington, DC 20410.

Information Sources: States and HUD field offices.

On the Web (the State Administered CDBG):

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/smallcities

(Non-Entitlement CDBG Grants in Hawaii):

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs/smallcities

Current Status: Active.